

**ITEL
RAIL**

RECORDATION NO. 10032-F

55 Francisco
San Francisco, California 94133
(415) 955-9090
Telex 34234

JUL 20 1983 - 11 45 AM

INTERSTATE COMMERCE COMMISSION

No.

Date JUL 20 1983

Fee \$ 20.00

ICC Washington, D. C.

July 14, 1983

Ms. Agatha Mergenovich, Secretary
Interstate Commerce Commission
Washington, D.C. 20423

RECORDATION NO. 10032-6

JUL 20 1983 - 11 45 AM

INTERSTATE COMMERCE COMMISSION

Dear Ms. Mergenovich:

Pursuant to 49 U.S.C. Section 11303(a) and the Interstate Commerce Commission's rules and regulations thereunder, I enclose herewith on behalf of Itel Corporation for filing and recordation as additional filings under the Lease Agreement dated July 26, 1978 (the "Lease") between Itel Corporation, Rail Division ("Itel") as lessor and the Valley and Siletz Railroad Company (the "Lessee") which was filed on January 19, 1979 at 2:10 p.m. and given recordation No. 10032, four counterparts each of the following two documents:

Amendment No. 5 dated February 7, 1983 and Amendment No. 6 dated February 7, 1983 (the "Amendments") to the Lease between Itel and Lessee.

The names and addresses of the parties to the aforementioned Amendments are:

1. Valley and Siletz Railroad Company
P.O. Box 337
Independence, Oregon 97352
2. Itel Corporation, Rail Division
55 Francisco, 7th Floor
San Francisco, California 94133

The equipment covered by these Amendments is one hundred forty nine (149) 50 foot, 100-ton boxcars, A.A.R. mechanical designations XM or XP, bearing reporting marks within the series VS 2000 through VS 2149.

Also enclosed is a check in the amount of \$20.00 for the required recording fees.

RECEIVED
JUL 20 11 37 AM '83
C.C.
OPERATION BR.

We think:

Amendment No 5 will be 10032-F

Amendment No 6 will be 10032-G

Please check - thanks -

Ms. Agatha Mergenovich, Secretary
July , 1983
Page Two

Please stamp all counterparts of the enclosed Amendments with your official recording stamp. You will wish to retain one (1) counterpart of the document for your files; it is requested that the remaining three (3) counterparts of each document be returned to the bearer of this letter.

Sincerely,



Patricia Salas Pineda
Counsel

PSP:dmm
Enclosures

cc: Michael Walsh, Esq.
Weil, Gotshal & Manges
767 Fifth Avenue
New York, New York 10020

Robert S. Clark, Esq.
Senior Trust Officer
First Security Bank of Utah, N.A.
Corporate Trust Division
79 South Main Street
Salt Lake City, Utah 84125

Doug Drummond
Itel Corporation

AMENDMENT NO. 6

RECORDATION NO. 10032-6
JUL 20 1983 - 11 45 AM
INTERSTATE COMMERCE COMMISSION

THIS AMENDMENT NO. 6 (the "Amendment") to that certain Lease Agreement (the "Lease") made as of July 26, 1978, between ITEL CORPORATION, RAIL DIVISION ("Itel") and VALLEY AND SILETZ RAILROAD COMPANY ("Lessee") is made this 7th day of February, 1983, by and between Itel and Lessee.

W I T N E S S E T H:

WHEREAS, Itel and Lessee are parties to the Lease pursuant to which one hundred fifty (150) boxcars bearing the reporting marks VS 2000-2149 have been leased and delivered by Itel to Lessee;

WHEREAS, Itel and Lessee amended the Lease by way of Amendment No. 4, dated July 26, 1982 ("Amendment No. 4"), which permitted the placement of twenty-five (25) of the one hundred fifty (150) boxcars subject to the Lease into an assignment pool on the railroad lines of Minnesota, Dakota and Western Railway Company.

WHEREAS, Itel and Lessee agree that it is to their mutual benefit to place for a period of time an additional twenty-five (25) of the remaining one hundred twenty-five (125) boxcars, bearing the reporting marks ~~VS 2000-2024~~ (hereinafter collectively called the "Additional 25 Boxcars") into an assignment pool on the railroad line of another party in order to improve the utilization of and revenue from the Additional 25 Boxcars.

NOW, THEREFORE, in consideration of the premises and mutual agreements herein contained, the parties hereto amend the Lease as follows:

1. All terms defined in the Lease shall have their defined meanings when used in this Amendment.
2. Item 2.K. on Schedule A, which is attached to and incorporated into the Lease, shall be deleted in its entirety and shall be replaced by the following:

VS 2060, VS 2062-2075 *Ed Ruv*
"2.K.(1)(a) The mechanical designation of the Boxcars (as previously defined in Amendment No. 4) bearing the reporting marks ~~VS 2060-2075~~ and ~~VS 2077-2085~~ shall be changed and remarked from 'XM' to 'XP' at Itel's expense. In addition, Itel shall, at its expense, perform or have performed the modification of such 25 Boxcars which shall include the installation of Rail Deck II loading systems in each of the said 25 Boxcars.

(b) The mechanical designation of the Additional 25 Boxcars bearing the reporting marks ~~VS 2000-2024~~ shall be changed and remarked from 'XM' to 'XP' at Itel's expense.
VS 2077-2086 *Ed Ruv*
VS 2035-2059 *Ed Ruv*

ASSIGNED TO FIRST SECURITY BANK
OF UTAH, N.A., TRUSTEE, UNDER
A LEASE ASSIGNMENT DATED
AS OF JANUARY 15, 1979

ITEL'S INTEREST ASSIGNED TO
FIRST SECURITY BANK OF
UTAH, N.A., WITH RESPECT TO
CARS NUMBERED VS 2000-2149

(c) If, at any later date, Itel should desire to change the mechanical designation of any of the Boxcars referenced in Items 2.K.(i)(a) and 2.K.(i)(b) herein, Itel shall be entitled to do so at its expense. Upon any such remarking and redesignation, Itel shall attach to this Amendment a Certificate of Change, to be made a part hereof, describing both the previous and current mechanical designation of any of the Boxcars referenced in Items 2.K.(i)(a) and 2.K.(i)(b) herein.

VS 2000-2034 and VS 2061 and VS 2087-2099 *EOD*
(ii) The Boxcars bearing the reporting marks ~~VS 2025-2059 and VS 2086-2099~~ shall continue to have, and be marked with, the mechanical designation 'XM'.


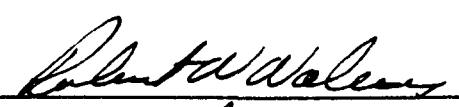
(iii) The Boxcars bearing the reporting marks VS 2100-2149 shall continue to have, and be marked with, the mechanical designation 'XP'."

3. A. Itel and Lessee agree that the Additional 25 Boxcars shall be placed for a period of time into an assignment pool on the railroad lines of Seattle and North Coast Railroad Company ("SNCT") in order to improve the utilization of and revenue from the Additional 25 Boxcars, all as specified in the Assignment Agreement (as hereinafter defined).
- B. For the purposes of paragraph 15 of the Lease, Itel hereby consents to an assignment agreement (to be hereinafter referred to as "Assignment Agreement") with SNCT covering the Additional 25 Boxcars in the form of Exhibit A attached hereto. Under said Assignment Agreement, Lessee shall be empowered to place the Additional 25 Boxcars in the possession of said SNCT with the right of said SNCT to utilize the Additional 25 Boxcars in interline revenue service under Lessee's reporting marks. Lessee shall take appropriate action to terminate the Assignment Agreement on the date of the next termination opportunity upon receiving instructions from Itel to do so.
- C. The Lease shall remain in effect with respect to all of the boxcars subject to the Lease, including the Additional 25 Boxcars, provided, that, with respect to the Additional 25 Boxcars, Section 7 of the Lease shall be amended by the substitution of the number "100%" in lieu of the number "90%" each time that it appears during the period from the compliance date ("Compliance Date" as hereinafter defined) to and including the expiration or termination date of the Assignment Agreement (to be hereinafter referred to as the "Ending Date"). Section 7 of the Lease shall be reinstated as it originally appears with respect to the Additional 25 Boxcars upon the Ending Date. The Compliance Date, with respect to each of the Additional 25 Boxcars, shall be the date on which the Assignment Agreement is executed according to the terms and conditions set forth by Itel.

- D. Nothing herein contained shall (i) be deemed to constitute a waiver or otherwise modify, affect or impair any sums due to ITEL or Lessee with respect to any of the Additional 25 Boxcars under the terms and conditions of the Lease with regard to any period of time prior to the Compliance Date or after the Ending Date, or (ii) be deemed to constitute a waiver or otherwise modify, affect or impair the powers, rights or remedies vested in or available to ITEL or Lessee with respect to any of the Additional 25 Boxcars under the terms and conditions of the Lease with regard to any period of time prior to the Compliance Date or after the Ending Date.
4. This Amendment shall automatically terminate upon termination of the assignment permitted by section 3.A. hereof.
5. Nothing set forth in this Amendment with respect to the Lease represents a waiver by the parties hereto of any rights under the Lease or the Bankruptcy Code and is not an assumption of the Lease under the Bankruptcy Code, and in the event of rejection of the Lease by order of the Bankruptcy Court under the Bankruptcy Code, Lessee may claim pre-petition damages, if any, with respect to such rejection of the Lease.
6. The parties agree that all rights and obligations of ITEL Rail may be assigned to ITEL Rail Corporation upon confirmation of a Plan of Reorganization for ITEL Corporation by the United States Bankruptcy Court Northern District of California or by another court of competent jurisdiction, and that upon such assignment and upon the assumption of ITEL Rail Corporation of all of ITEL Corporation's obligations hereunder, ITEL Corporation is hereby released from all liabilities hereunder without further action by the parties and ITEL Rail Corporation shall assume all such obligations without further action by the parties.
7. Except as expressly modified by this Amendment, all terms and provisions of the Lease shall remain in full force and effect.
8. This Amendment may be executed by the parties hereto in any number of counterparts and all said counterparts taken together shall be deemed to constitute one and the same instrument.

ITEL CORPORATION,
RAIL DIVISION

VALLEY AND SILETZ
RAILROAD COMPANY

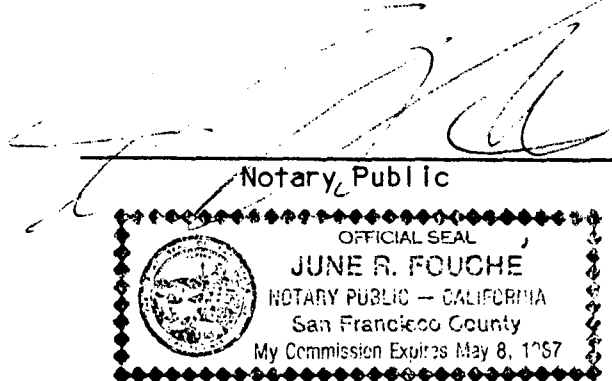
By:  ^{CLK} By: 

Title: President Title: Vice President

Date: June 3, 1983 Date: May 6, 1983

STATE OF CALIFORNIA)
) ss.
COUNTY OF SAN FRANCISCO)

On this 23 day of June, 1983, before me personally appeared Edward M. O'Dea, to me personally known, who being by me duly sworn says that such person is President of Itel Corporation, Rail Division, that the foregoing Amendment No. 6 was signed on behalf of said corporation by authority of its board of directors, and such person acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



STATE OF Idaho)
) ss.
COUNTY OF Ada)

On this 6th day of May, 1983, before me personally appeared R. W. Walters, to me personally known, who being by me duly sworn says that such person is Vice President of Valley and Siletz Railroad Company, that the foregoing Amendment No. 6 was signed on behalf of said corporation by authority of its board of directors, and such person acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

A handwritten signature of the notary, Rob Lewis, is written above the text "Notary Public".

EXHIBIT A

February 11, 1983

Mr. Arthur G. Allen, Jr.
President
Seattle and North Coast Railroad Company
Northway Square
2150 North 107th Street, Suite 158
Seattle, WA 98133

Dear Mr. Allen:

Please accept this letter as the agreement ("Assignment Agreement") whereunder Valley and Siletz Railroad Company ("VS") shall supply the Seattle and North Coast Railroad Company ("SNCT") with fifteen (15) fifty foot (50') XP boxcars bearing reporting marks VS 2000-2014 ("15 boxcars") and, at VS's option, an additional ten (10) fifty foot (50') XP boxcars bearing reporting marks VS 2015-2024 in accordance with the terms set forth below and SNCT shall place said Boxcars into an assignment pool on SNCT's railroad line under Car Service Directive 165.

The term of this Assignment Agreement shall be for three (3) years commencing as of March 1, 1983 ("Term"). If the delivered Boxcars in the aggregate are off SNCT's line less than seventy (70) percent of the time in any calendar month, VS may, at any time, at its option and upon not less than ten (10) days prior written notice to SNCT, terminate this Assignment Agreement. Effective at any time on or after March 1, 1984, either VS or SNCT may terminate this Assignment Agreement upon ninety (90) days prior written notice delivered to the other party.

The 15 Boxcars shall be delivered to SNCT during the second quarter of 1983. It shall be VS's option to deliver all or any part of the additional 10 Boxcars to SNCT, provided delivery of such Boxcars occurs within the first year of the Term. The above-referenced Boxcars shall be delivered empty from Independence, Oregon, to SNCT at Seattle, Washington, at SNCT's expense with the delivery transportation expenses for such deliveries to be paid for in advance by SNCT. SNCT shall not make any alterations to the Boxcars without VS's prior written consent. During the Term of this Agreement, any or all of the Boxcars may be replaced by similar boxcars with different railroad marks upon prior written notice from VS to SNCT.

It is understood and agreed that during the term of this Assignment Agreement, SNCT's only obligations with regard to the Boxcars placed into assigned pool service hereunder shall be (i) the payment of such per diem and mileage payments required of SNCT by the Code of Car Hire Rules, (ii) compliance with the handling carrier's obligations under AAR Interchange Rules and Code of Car Service Rules, while the Boxcars are in SNCT's possession, and (iii) the obligations upon expiration or termination of this Assignment Agreement set forth below.

Mr. Arthur G. Allen, Jr.
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February 11, 1983

SNCT shall be entitled to a reclaim allowance per Boxcar for each day such Boxcar is on SNCT's railroad line if the per diem payments required of SNCT have been received by VS by the sixtieth (60th) day after the end of the Service Month (hereinafter defined as the calendar month in which per diem and mileage payments were actually earned). Said reclaim allowance shall be substantiated by appropriate movement records and shall be presented to VS within sixty (60) days from the end of the Service Month. Should SNCT fail to pay any such monies to VS, VS may, at its option, terminate this Assignment Agreement upon fifteen (15) days prior written notice delivered to SNCT and offset any reclaim allowance or other sums owed by it to SNCT against sums owed by SNCT to VS and pursue any other remedy allowed by law.

Upon the expiration or termination of this Assignment Agreement, SNCT shall ensure that the Boxcars are in interchange condition, normal wear and tear excepted, and shall remove the Boxcars from Car Service Directive 165. Thereafter, SNCT, as directed by VS, shall either provide final outbound loads for each of the Boxcars or transport empty any or all of the Boxcars, at SNCT's expense, to VS at Independence, Oregon.

During the entire term of this Agreement, SNCT shall provide to Itel Corporation, Rail Division:

- A. As soon as practicable after the end of each of the first two months of each quarterly fiscal period and after the end of each of the first three quarterly fiscal periods in each fiscal year of SNCT and in any event within sixty (60) days thereafter, one copy of:
 1. A Consolidated balance sheet of SNCT and its subsidiaries, as at the end of such month or quarter, and
 2. Consolidated statements of income and of surplus of SNCT and its subsidiaries for such month or quarter and (in the case of the second and third quarters) for the portion of the fiscal year ending with such quarter,setting forth in each case in comparative form the figures for the corresponding periods in the previous fiscal year, all in reasonable detail and certified as complete and correct, subject to changes resulting from year-end adjustments, by an officer of SNCT; and
- B. As soon as practicable after the end of each fiscal year of SNCT, and in any event within one hundred twenty (120) days thereafter, duplicate copies of:
 1. A Consolidated balance sheet of SNCT and its subsidiaries, at the end of such year, and
 2. Consolidated statements of income and of surplus of SNCT and its subsidiaries, for such year,

Mr. Arthur G. Allen, Jr.
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setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail and accompanied by an opinion thereon of independent certified public accountants of recognized national standing selected by SNCT, which opinion shall state that such financial statements fairly present the financial position of the companies being reported on, have been prepared in accordance with generally accepted accounting principles consistently applied (except for changes in application in which such accountants concur and which shall be expressly noted therein) and that the examination of such accountants in connection with such financial statements has been made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as were considered necessary in the circumstances.

SNCT recognizes that VS's rights and SNCT's rights are subject and subordinate to the rights of any lessor, owner or secured party with respect to the Boxcars, but VS hereby expressly represents and covenants that it has full authority to make this Assignment Agreement.

We trust this Assignment Agreement will assist you in meeting your equipment requirements in the coming months.

Please indicate your concurrence to the above terms and conditions by signing below and arrange to have the original returned to me.

Sincerely,

R. W. Walters
Vice President
Valley and Siletz Railroad Company

RHS/A4.39

I CONCUR:

Arthur G. Allen, President
Seattle and North Coast Railroad Company

RECORDATION NO. 10032-6
FILED 1225

JUL 20 1983 11 45 AM

INTERSTATE COMMERCE COMMISSION

CERTIFICATION OF TRUE COPY

On July 6, 1983, I, Douglas Drummond, examined the original copy of the Amendment No. 6 dated February 7, 1983 to the Lease Agreement dated July 26, 1978, between ITTEL CORPORATION, RAIL DIVISION and the VALLEY AND SILETZ RAILROAD COMPANY, and I hereby certify that I have compared the attached duplicate copy with the original, and that it is a complete, true and correct copy of the original in all respects, including the dates, signatures and acknowledgements thereof.

Douglas Drummond
Douglas Drummond

STATE OF CALIFORNIA)
)
COUNTY OF SAN FRANCISCO)

ss:

On July 6, 1983, before the undersigned, a Notary Public for the State of California, personally appeared Douglas Drummond, known to me to be the person whose name is subscribed to the above instrument, acknowledged that he executed the same.

[Signature]
Notary Public

